

**04H
INSURANCE
COMPARISON OF BUDGETED FISCAL YEAR 1999-2000
TO TOTAL RECOMMENDED FISCAL YEAR 2000-2001
(INCLUSIVE OF DOUBLE COUNTED EXPENDITURES)**

Means of Financing & Table of Organization	As of 12/3/99 Existing Operating Budget 1999-2000	Total Recommended 2000-2001	Total Recommended Over/(Under) E.O.B.
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GRAND TOTAL DEPARTMENT OF INSURANCE	General Fund	\$0	\$0	\$0
	Interagency Transfers	\$0	\$0	\$0
	Fees and Self Gen.	\$25,755,784	\$18,022,212	(\$7,733,572)
	Statutory Dedications	\$588,586	\$802,404	\$213,818
	Interim Emergency Bd.	\$0	\$0	\$0
	Federal	\$206,897	\$201,878	(\$5,019)
	TOTAL	\$26,551,267	\$19,026,494	(\$7,524,773)
	T. O.	296	285	(11)

165 - Commissioner of Insurance

> **ADMINISTRATION/FISCAL PROGRAM:** Has responsibility for overall policies regulating the insurance industry. Directs the management of any company in receivership; investigates incidences of suspected insurance fraud; and assists small, minority, and disadvantaged agents and agencies to increase their knowledge of and participation in the industry. Includes legal representation of the department, management, budget, and collection of all taxes and assessments made by the department as well as its self-generated fees, human resource management, information management, and communications.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$12,328,448	\$4,550,060	(\$7,778,388)
Statutory Dedications	\$112,263	\$243,922	\$131,659
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$0	\$0	\$0
TOTAL	\$12,440,711	\$4,793,982	(\$7,646,729)
T. O.	106	106	0

MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Risk Management adjustment (\$5,023 Fees and Self-generated Revenues)

Net adjustments for Acquisitions (\$50,817 Fees and Self-generated Revenues; -\$15,320 Statutory Dedications; TOTAL \$35,497)

Decrease in Bail Bond Fee Collections as directed by Act 1080 of the 1999 Legislature (-\$7,848,625 Fees and Self-generated Revenues)

Funding adjustment necessary to ensure adequate funding, with attrition, of 106 recommended positions (-\$65,143 Fees and Self-generated Revenues)

Increase in funding for maintenance on equipment no longer under warranty (\$67,110 Fees and Self-generated Revenues)

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Adjustment to proper levels of Interagency Transfer expenses (-\$4,880 Fees and Self-generated Revenues)

Funding increases for the Insurance Fraud Investigation Unit (\$146,979 Statutory Dedications)

OBJECTIVE: Through the Office of the Commissioner, to retain accreditation by the National Association of Insurance Commissioners (NAIC).

PERFORMANCE INDICATOR:

Percentage of accreditation of department by NAIC retained

100%	100%	0%
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OBJECTIVE: Through the Division of Legal Services, to represent the department in hearings.

PERFORMANCE INDICATORS:

Number of hearings in which department must be represented

Number of hearings resulting in regulatory action

300	300	0
150	150	0

OBJECTIVE: Through the Internal Audit Division, to assure that audit findings reported by the legislative auditor are not repeated.

PERFORMANCE INDICATOR:

Number of repeat findings in the legislative auditor's report

0	0	0
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OBJECTIVE: Through the Office of Management and Finance, Fiscal Affairs Division, to collect revenue due the department and state and deposit the revenue within 48 hours.

PERFORMANCE INDICATORS:

Tax collections as percentage of taxable premiums

Additional taxes and penalties assessed as a result of audit (in \$ millions)

Louisiana Insurance Rating Commission assessment collection as a percentage of assessable premiums

Total amount of revenues (taxes, assessments, fees and miscellaneous) collected (in \$ millions)

Percentage of revenue deposited within 48 hours

1.04%	1.24%	0.20%
\$0.505	\$0.505	\$0.000
0.9493%	0.9219%	(0.0274%)
\$150.9	\$164.2	\$13.3
100%	100%	0%

OBJECTIVE: Through the Office of Receivership and with the approval of the court, to continue to bring to closure and distribute the assets of the estates that are currently in receivership.

PERFORMANCE INDICATORS:

Number of companies brought to final closure

Total recovery from assets of liquidated companies

13	6	(7)
\$32,952,474	\$13,604,804	(\$19,347,670)

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OBJECTIVE: Through the Division of Minority Affairs, to increase the number of small/disadvantaged/minority agents obtaining contracts with standard companies through the key agent concept.

PERFORMANCE INDICATORS:

Number of new key agency directors and sub-agents working with Key Independent Agency, Inc.
 Number of standard companies to which small, disadvantaged, and minority agents have access

35	25	(10)
8	8	0

OBJECTIVE: Through the Fraud Division, to investigate incidences of suspected fraud and perform background checks.

PERFORMANCE INDICATORS:

Number of claims fraud cases received
 Number of claims fraud cases referred to law enforcement agencies
 Number of agent/company investigations received
 Number of agent/company investigations referred to law enforcement agencies
 Number of background checks performed for agent and company licensing

1,330	1,330	0
50	50	0
20	20	0
10	10	0
1,982	1,982	0

> **MARKET COMPLIANCE PROGRAM:** Regulates the insurance industry in the state by analyzing and examining regulated entities, licensing individuals, partnerships, and corporations engaged in the insurance business; reviewing contract forms before the forms are sold in Louisiana; receiving and investigating complaints from consumers; and ensuring that rates are not excessive, inadequate, or unfairly discriminatory.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$13,427,336	\$13,472,152	\$44,816
Statutory Dedications	\$476,323	\$558,482	\$82,159
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$206,897	\$201,878	(\$5,019)
TOTAL	\$14,110,556	\$14,232,512	\$121,956
T. O.	190	179	(11)

MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Funding adjustment necessary to ensure adequate funding, with attrition, of 179 recommended positions, including the elimination of 11 positions (\$524,979 Fees and Self-generated Revenues)

Non-recurring carry forward for completion of a Federal Grant (-\$6,899 Federal Funds)

Net decrease for Acquisitions and Major Repairs (-\$131,535 Fees and Self-generated Revenues; \$82,159 Statutory Dedications; \$1,880 Federal Funds; TOTAL -\$47,496)

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Continuation of reductions imposed by Executive Order MJF 99-52 in FY 00-01, Operating Services (-\$393,368 Fees and Self-generated Revenues)

Funding for Maintenance of equipment no longer under warranty (\$44,740 Fees and Self-generated Revenues)

OBJECTIVE: Through the Office of Financial Solvency, to monitor the regulated entities to detect adverse financial and other conditions by performing all scheduled financial examinations, market conduct examinations, and analyses.

PERFORMANCE INDICATORS:

Number of entities scheduled for financial examination
Number of entities examined (financial examination)
Number of entities scheduled for market conduct examination
Number of entities examined (market conduct examination)
Number of entities to be analyzed
Number of entities analyzed

45	45	0
45	45	0
30	30	0
30	30	0
400	400	0
400	400	0

OBJECTIVE: Through the Office of Licensing and Compliance, Agent Licensing Division, to oversee the licensing process.

PERFORMANCE INDICATORS:

Number of agent, agency, broker and solicitor licenses issued
Number of agent, agency, broker and solicitor renewals processed
Number of company appointments processed

9,739	9,739	0
29,070	29,070	0
171,069	171,069	0

OBJECTIVE: Through the Office of Licensing and Compliance, Company Licensing Division, to review company applications for a Certificate of Authority within an average of 90 days.

PERFORMANCE INDICATORS:

Number of company licensing applications and filings pending at beginning of fiscal year
Number of company licensing applications and filings received
Number of company licensing applications and filings processed
Average number of days to review company licensing applications

55	95	40
317	317	0
120	343	223
90	90	0

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OBJECTIVE: Through the Property & Casualty (P&C) and Life & Annuity (L&A) sections of the Consumer Division of the Office of Licensing and Compliance, to resolve consumer complaints and provide consumer education programs and services.

PERFORMANCE INDICATORS:

Number of P&C and L&A complaints received
Number of P&C and L&A complaint investigations concluded
Average number of days to conclude a routine P&C or L&A complaint
Amount of P&C and L&A claims payments/premium refunds recovered by claimants from the insurer

2,814	2,814	0
2,532	2,532	0
Not available	120	Not applicable
\$2,312,844	\$2,350,000	\$37,156

OBJECTIVE: Through the Office of Licensing and Compliance, Property & Casualty and Life & Annuity (P&C and L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers.

PERFORMANCE INDICATORS:

Number of P&C and L&A contract forms pending at beginning of fiscal year
Number of P&C and L&A contract forms received
Number of P&C and L&A contract forms processed

20,977	16,664	(4,313)
21,966	23,250	1,284
27,510	27,510	0

OBJECTIVE: Through the Office of Health Insurance, to assist and protect consumers with health care coverage needs.

PERFORMANCE INDICATORS:

Number of health insurance complaints received
Number of health insurance complaint investigations concluded
Amount of total health insurance related claim benefits/premium refunds recovered for consumers
Average number of days to conclude routine health insurance complaint

2,000	2,000	0
1,500	2,500	1,000
\$100,000	\$1,000,000	\$900,000
90	90	0

OBJECTIVE: Through the Office of Health Insurance, Contract Forms Review Section, to review contract forms before the forms are sold in Louisiana.

PERFORMANCE INDICATORS:

Number of health insurance related contract forms pending at beginning of fiscal year
Number of health insurance related contract forms received for review
Number of health insurance related contract forms processed

1,700	750	(950)
7,000	5,250	(1,750)
5,750	5,750	0

OBJECTIVE: Through the Office of Health Insurance, Seniors Health Insurance Information Program (SHIIP), to provide senior citizens with health-related counseling.

PERFORMANCE INDICATOR:

Estimated savings to counseled senior health clients

\$350,000	\$350,000	\$0
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OBJECTIVE: Through the Office of Health Insurance, to review health maintenance organization (HMO) provider networks and/or accreditation bodies for quality assurance.

PERFORMANCE INDICATORS:

Number of HMO provider networks and/or accreditation bodies inspected for quality assurance
Percentage of HMO provider networks and/or accreditation bodies inspected for quality assurance

6	6	0
33%	33%	0%

OBJECTIVE: Through the Louisiana Insurance Rating Commission (LIRC), to consider and act upon rate change submissions from admitted insurance companies and ensure compliance with approved rates.

PERFORMANCE INDICATORS:

Number of rate change submissions acted upon by the LIRC
Number of rate change submissions approved
Number of rate change submissions approved at a lesser amount than requested
Number of rate change requests rejected
Average percentage change in rates approved by the LIRC
Market impact of rates approved by the LIRC
Percentage completion of electronic storage and analysis of rate and rate filings
Percentage completion of project to make rate and rate comparison data available to consumers via internet

704	704	0
400	400	0
20	20	0
90	90	0
2.05%	2.05%	0.00%
1.33%	1.33%	0.00%
Not applicable	5%	Not applicable
Not applicable	5%	Not applicable

TOTAL COMMISSIONER OF INSURANCE

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$25,755,784	\$18,022,212	(\$7,733,572)
Statutory Dedications	\$588,586	\$802,404	\$213,818
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